

1 UNITED STATES DISTRICT COURT
2 EASTERN DISTRICT OF NEW YORK
3

4 UNITED STATES SECURITIES)
5 AND EXCHANGE COMMISSION,)
6 Plaintiff,)
7 v.) Case No.
8 JOSEPH M. LAURA, et al.,) 19-CV-5075 (NGG) (VMS)
9 Defendants.)
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13 Remote videotaped deposition of JOSE MIGUEL
14 DELGADO CASTILLO, taken on behalf of the Plaintiff,
15 held remotely, beginning at 9:38 a.m. and ending at
16 5:04 p.m., on Monday, November 29, 2021, before
17 Denise Sankary, Certified Realtime Reporter.
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1 REMOTE APPEARANCES:

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9 On behalf of Joseph Laura, Anthony Sichenzio and the
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14
15 ALSO PRESENT:

16 DaShawn White, Videographer

17 Joseph Laura
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Monday, November 29, 2021

9:38 a.m. - 5:04 p.m.

09:37 THE VIDEOGRAPHER: This is the videotaped
deposition of Jose Miguel Delgado Castillo in
the matter of SEC versus Laura, pending in the
United States District Court, Eastern District
of New York. The case number is
19-CV-5075 (NGG) (VMS). Today's date is
09:38 November 29, 2021, and the time on the video
monitor is 9:38 a.m. Eastern Time.

My name is DeShawn White. The court
reporter today is Denise Sankary.

09:38 Would counsel please introduce themselves
for the record.

MR. McGRATH: Kevin McGrath for the
Securities and Exchange Commission.

MR. O'CONNOR: Kevin O'Connor for the
defendants Joseph Laura and Anthony Sichenzio.

09:38 MR. SUTHAMMANONT: Victor Suthammanont for
the Securities and Exchange Commission.

THE VIDEOGRAPHER: And before the court
reporter swears in the witness, I would like to
say we are both with Gradillas Court Reporters.

09:38 Please swear in the witness. Thank you.

09:38 1 THE COURT REPORTER: Sure. Thank you.

2 Mr. Delgado, would you raise your right
3 hand, please?

4 Do you swear the testimony you're about to
09:38 5 give today will be the truth, the whole truth,
6 and nothing but the truth?

7 THE WITNESS: Yes.

8 THE COURT REPORTER: Thank you.

9 Thereupon:

09:38 10 JOSE MIGUEL DELGADO CASTILLO
11 having been first duly sworn, was examined and
12 testified as follows:

13 EXAMINATION

14 BY MR. McGRATH:

09:39 15 Q. All right. Good morning, Mr. Delgado.
16 Can you hear me?

17 A. Yes.

18 MR. McGRATH: Mr. O'Connor, before we get
19 started, you indicated that you're appearing on
09:39 20 behalf of Mr. Laura and Mr. Sichenzio. Are you
21 appearing as an attorney for Mr. Delgado as
22 well?

23 MR. O'CONNOR: Yes, I am.

24 MR. McGRATH: Is there an attorney-client
09:39 25 relationship between the two of you?

09:39 1 MR. O'CONNOR: There is.

2 MR. McGRATH: Okay.

3 BY MR. McGRATH:

4 Q. All right, Mr. Delgado. Who else is in
09:40 5 the room with you right now?

6 A. Mr. Kevin.

7 Q. Mr. O'Connor?

8 A. Yeah.

9 Q. Is there any other person in the room with
09:40 10 you?

11 A. No, sir.

12 Q. Where are you located right now?

13 A. I'm in New Jersey in Freehold.

14 MR. O'CONNOR: He's in Monmouth County,
09:40 15 Freehold, New Jersey.

16 BY MR. McGRATH:

17 Q. Mr. Delgado, as part of this case, myself
18 and Mr. O'Connor have agreed to certain rules for
19 taking this deposition, and one of those rules is
09:40 20 that you do not -- that the witness not look at any
21 documents unless he's asked to do so by one of the
22 attorneys, or if you need to look at a document
23 yourself to answer a question, you tell us that
24 you're going to be looking at a particular document
09:40 25 and identify that document. Do you understand those

09:41 1 rules?

2 A. Yes, sir.

3 Q. Are you willing to abide by them?

4 A. Again, please.

09:41 5 Q. All right. Do you agree to those rules?

6 A. Yes, sir.

7 Q. Okay. Do you currently have a computer
8 with you?

9 A. I have an iPad, but it's closed.

09:41 10 Q. Okay. Thank you.

11 Mr. Delgado, how old are you?

12 A. 59.

13 Q. 59?

14 A. Yes.

09:41 15 Q. Where were you born?

16 A. I was born in Cuba.

17 Q. How long did you live in Cuba?

18 A. Till '89.

19 Q. Until 1989?

09:41 20 A. Yes.

21 Q. Where did you move in 1989?

22 A. I went to Africa, and I was working there
23 for a period of six years, and then I married and I
24 start to live in Europe.

09:42 25 Q. In where?

09:58 1 charge of maintenance, refurbishing and construction
2 of warehouse and offices.

3 Q. Okay. Thank you.

4 Where did you work after that?

09:58 5 A. Then when I finish in Jamaica, then we
6 move to Vienna.

7 Q. What year was that?

8 A. In Vienna it was 2006.

9 Q. Why did you move to Vienna?

09:59 10 A. Because my wife used to be a diplomatic
11 for the Spanish government, and she was in charge --
12 she was appointed to the security of the European --
13 organization of security of Europe, in Europe.

14 Q. Okay. Did you join a company in Vienna
09:59 15 when you moved there in 2006?

16 A. Yes.

17 Q. What company?

18 A. I joined Pristec AG.

19 MR. McGRATH: All right. So for the court
09:59 20 reporter, this name is going to come up a lot.
21 It's spelled P-R-I-S-T-E-C A-G.

22 And during this deposition we may also
23 refer to that company as PAG.

24 THE COURT REPORTER: Thank you.

25

09:59 1 BY MR. McGRATH:

2 Q. Mr. Delgado, you'll understand when I ask
3 you questions about PAG, I'm referring to Pristec
4 AG, correct?

10:00 5 A. Yes.

6 Q. Okay. All right. So from the time you
7 graduated from the university in Russia -- and by
8 the way, what was the name of that university that
9 you got your master's degree?

10:00 10 A. This is University of Jarkov.

11 Q. Spell it, please.

12 A. At that time it was institute.

13 MR. O'CONNOR: So the record is clear, I
14 put a piece of paper next to him to write

10:00 15 these things down. It's a blank piece of
16 paper.

17 MR. McGRATH: Thank you.

18 MR. O'CONNOR: Okay. So he wrote the
19 Institute of Road and Bridges of Jarkov,

10:01 20 J-A-R-K-O-V, but he indicated, it is now the
21 University of Jarkov.

22 MR. McGRATH: J-A-R-K-O-V.

23 MR. O'CONNOR: O-V as in Victor?

24 MR. McGRATH: Yes.

25

10:01 1 BY MR. McGRATH:

2 Q. Is that where you got your college degree
3 as well, Mr. Delgado?

4 A. Yes, yes, yes.

10:01 5 Q. All right. So from the time you obtained
6 your Master's Degree in Civil Engineering until the
7 time that you joined Pristec AG in 2006, did any of
8 your work responsibilities involve oil or gas
9 refining?

10:01 10 A. Not exactly. Only asphalt. Asphalt, but
11 not oil and gas.

12 Q. Okay. Only asphalt?

13 A. Asphalt because road, road normally we
14 made road with asphalt, and asphalt is coming from

10:02 15 the oil, you know.

16 Q. Okay.

17 A. This is from the reservoir oil.

18 Q. Thank you.

19 Where do you live right now?

10:02 20 A. Now I'm back in Spain.

21 Q. How long have you lived in Spain?

22 A. I mean, officially I used to live there

23 from the beginning, but I never been there

24 physically, but now I'm physically there since

10:02 25 2000 -- I mean without moving from there to anyplace

10:15 1 A. Yes. Anthony Sichenzio, yes.

2 Q. To your knowledge, does Mr. Sichenzio have
3 any ownership interest in New Vacuum Technologies?

4 A. No.

10:15 5 Q. Now, at some point in time did you become
6 a member of the board of a company called Pristec
7 America, Inc., incorporated in New Jersey?

8 A. I'm a member of that -- of that board.

9 Q. Are you still a member of Pristec America,
10:15 10 Inc. New Jersey?

11 A. Yes, because I never resume from Pristec
12 America. I never resign, sorry, from Pristec
13 America.

14 Q. At some point in time did you become a
10:15 15 member of the board of Pristec America Incorporated
16 in Nevada?

17 A. Yes.

18 Q. Are you currently a member of the board of
19 Pristec America Nevada?

10:16 20 A. Yes.

21 Q. Do you have any stock ownership interest
22 in Pristec America New Jersey?

23 A. I have -- I don't recall that. I don't --
24 I don't know that. You see, normally in Pristec, in
10:16 25 the past, Pristec, I mean Pristec, I only in

10:16 1 technology subjects and vacuum. I don't see the
2 list of share orders. I don't see -- I know in
3 Pristec AG I used to have shares and I know how much
4 in Pristec AG, but due to the fact that I never be
10:16 5 involved too much in the United States, then I don't
6 know that United States. I don't think so.

7 Q. All right. So same question with respect
8 to Pristec America, Inc. Nevada. Do you know
9 whether you own any shares in that company?

10:17 10 A. No.

11 Q. Have you ever received any payments from
12 Pristec America, Inc. New Jersey or Pristec America,
13 Inc. Nevada?

14 A. No, I receive payment, no. The payment I
10:17 15 receive before, it was the small money I got from
16 Pristec AG, yes, and I know that money has come
17 sometime from investors, but I don't know.

18 Q. So other than Pristec America, Inc.,
19 Nevada, and New Jersey, and New Vacuum Technologies,
10:17 20 are you involved in any other businesses currently
21 with Mr. Laura?

22 A. No.

23 Q. Are you exploring any potential business
24 opportunities with Mr. Laura other than relating to
10:18 25 New Vacuum Technologies?

10:18 1 A. No.

2 Q. You said you currently own -- that you own
3 stock in Pristec AG, correct?

4 A. Pristec AG, as far as I know, it's not
10:18 5 exist anymore, but I used to have share there.

6 Q. How many shares?

7 A. 18,000 shares, I think.

8 Q. Okay. What is your understanding of the
9 current status of Pristec AG?

10:18 10 A. Again, please.

11 Q. What is your understanding of the current
12 status of Pristec AG?

13 A. Since I left Pristec AG, I never spoke
14 with them anymore. They has been trying to get me
10:19 15 back soon, but I always told them that I'm not
16 coming back as long as I don't see everything is
17 made in the right way. I mean, as I understood that
18 they take care about orders and everything. And I
19 never contact them anymore.

10:19 20 Q. Do you have any understanding that they
21 are in bankruptcy?

22 A. Yes, because it has been published in the
23 newspaper of Austria, and I know that they're in
24 bankruptcy, but I don't know anything anymore about
10:19 25 that company.

10:28 1 BY MR. McGRATH:

2 Q. So those were the only two addresses you
3 used for your work in connection with Pristec AG?

4 A. Yes.

10:28 5 Q. Did you have any e-mail addresses in
6 connection with your membership on the board of
7 Pristec AG America New Jersey or Pristec AG America
8 Nevada?

9 A. Pristec America, no. Maybe they assign
10:29 10 me, but I never use it. I don't have it.

11 Q. I just want to focus just a minute on
12 Pristec America and Nevada.

13 Who appointed you to the board of those
14 companies?

10:29 15 A. Rudi Nuerk and Joseph Laura.

16 Q. Did you ever attend any board meetings in
17 connection with either of those companies?

18 A. In person, as far as I remember, maybe one
19 time, but normally by phone, because they were in
10:29 20 America and I was in Europe.

21 Q. Okay. What was the occasion that you may
22 have attended in person? What year was that?

23 A. I don't recall.

24 Q. Okay. Do you remember what the purpose of
10:29 25 that in-person meeting was?

10:29 1 A. I think it was to introduce me that I will
2 be technology director in those company, in Pristec
3 America and the next Pristec America.

4 Q. When was the last time that you performed
10:30 5 any service as a board member of Pristec America New
6 Jersey or Pristec America Nevada?

7 A. So I think when I left Pristec AG, even if
8 I did not resume, I never work -- I mean, I never
9 make any service anymore at the moment.

10:30 10 Q. Okay. So you left Pristec AG, and do you
11 remember what month in 2018?

12 A. I think it was September, ending of the
13 year.

14 Q. Okay. And so is it your testimony that
10:30 15 since 2018 you haven't done any services in
16 connection with being a board member of Pristec AG
17 of New Jersey or Nevada; is that correct?

18 A. No. Yes, yes.

19 Q. Thank you.

10:31 20 Did you ever communicate by text message
21 during your time at Pristec AG?

22 A. If I communicate? Again, please.

23 Q. By text message, by phone text.

24 A. I don't think so. Always e-mail.

10:31 25 Q. E-mail or phone?

11:11 1 never, no.

2 Q. Okay. So you previously testified at the
3 arbitration, correct?

4 A. Yes.

11:11 5 Q. All right. Have you testified in any
6 other hearing or trial or arbitration other than
7 that case?

8 A. Two arbitrations. One was the first one
9 by Mr. Joseph Laura in New York and another one
11:11 10 Spardel make another.

11 MR. O'CONNOR: Steve Spardel.

12 A. Steve Spardel. And then I went there too
13 but as a hearing. In the end I testify there too.
14 They ask me some questions.

11:12 15 BY MR. McGRATH:

16 Q. Other than the Spardel hearing and the
17 hearing with Mr. Laura, have you testified in any
18 other trial or hearing?

19 A. No, no.

11:12 20 Q. On any subject at all?

21 A. No. This is the third time now.

22 Q. Okay. And my question, I'm not limiting
23 my question to Pristec AG-related issues. Did you
24 ever testify in connection with anything else in
11:12 25 your life?

11:23 1 them.

2 MR. O'CONNOR: You've got to spell that.

3 THE WITNESS: It's Sparovich.

4 MR. O'CONNOR: It's C-L-E-M-E-N-T-S,

11:23 5 Sparovich, S-P-A-R-O-V-I-C-H.

6 A. But it was Rudi generally.

7 BY MR. McGRATH:

8 Q. Okay. And can you just describe generally
9 what your duties were at Pristec AG between 2006 and
11:23 10 2010 when you became the chief technology officer?

11 A. So I was helping first understanding what
12 they're doing and then helping them in any activity
13 relating to the technology that there has been
14 developed at that time. I was at the same time,
11:24 15 sometimes, not all the time, because they never
16 disclose to me, translate certain things with the
17 former chief technology officer at that time from
18 Russian and implemented the pilot, the first pilot
19 that they made in Seibersdorf. This is a nuclear
11:24 20 institute located in Seibersdorf in Austria. I was
21 in the ground implementing the first pilot of the
22 technology, oriented by the former chief technology
23 officer and getting the data, acquisition data for
24 them. This two pilots we made at that time. Two
11:25 25 pilots. One was for them, and then another one was

11:25 1 in Mank to introduce -- I mean semi-industrial the
2 pilot. It was a small scale pilot.

3 Q. Mr. Delgado, I'm going to try to cut you
4 off only so that we can make sure that the court
11:25 5 reporter understands what you're saying. So just
6 let me back up a little bit and ask a few more
7 specific questions, if I can.

8 Who is the former chief technology officer
9 that you were referring to?

11:25 10 A. I mean, at that time they introduce me a
11 person called Selivanov. He was a Russian -- a
12 Russian science who was working in Pristec AG.

13 Q. His last name is Selivanov?

14 A. Yeah, together with him, he was not living
11:26 15 in Vienna, he was living in Russia, but he used to
16 come and he was directed all the pilots, you know,
17 that we made, and I was executing the pilots.

18 Q. All right. So now you referred to -- I
19 think you referred to two pilot programs. One of
11:26 20 them you said was semi-industrial, and I'll ask you
21 about that in a minute, but can you name -- I didn't
22 catch the name of the other pilot that you were
23 referring to.

24 A. One of them -- I mean both of them was in
11:26 25 the -- in the same place. One was with Romanian

11:36 1 patents, and you referred to one as a process and
2 the other one as a -- I forget the word you just
3 used now.

4 A. Calibration.

11:36 5 Q. Process and calibration, thank you.

6 A. And the second one, yes.

7 Q. So we'll use those two phrases for
8 shorthand for those two patents, okay?

9 A. Right.

11:36 10 Q. Calibration patent and the process patent.

11 A. In U.S. it's one patent together.

12 Q. Right.

13 A. Because...

14 Q. But in Austria you filed two separate
11:37 15 patents, correct?

16 A. Yes.

17 Q. And just to go back to one of your prior
18 answers, I want to make sure the record is clear.

19 You said that the inventors of both of those

11:37 20 patents, right, were yourself?

21 A. Yes.

22 Q. And Mr. Chernikov?

23 A. Yes.

24 Q. Mr. Nuerk?

11:37 25 A. Yes.

11:39 1 didn't play any role in the scientific development
2 of those two patents.

3 A. No, he explain -- he made explanation. We
4 prepare him to explain due to the fact that he speak
11:39 5 very good English, and he was based in China and he
6 knew how the technology is working, but you know,
7 nothing more like that.

8 Q. What was Mr. Anibal Veneciano's role in
9 developing those two technologies?

11:39 10 A. Exactly almost the same because Anibal
11 used to be a director of Latin America in Pristec.
12 So he introduce Pristec to industrial pilot in
13 Venezuela and, you know, he was kind of director
14 too.

11:39 15 Q. Okay.

16 A. He knew the first technology support, the
17 first technology, and that's it. The real people
18 who got science background was Mr. Fedor Chernikov
19 and me.

11:40 20 Q. You just referenced Pristec Venezuela.
21 Was that a separate entity that Pristec was involved
22 in in 2009, 2010?

23 A. No, it was a little bit later when we
24 create Pristec Venezuela. They create Pristec
11:40 25 Venezuela as Pristec Venezuela. It was certain

11:40 1 percentage Pristec AG and certain percentage, I
2 don't remember exactly, because I was not involved,
3 Pristec Venezuela. I was thinking it's 25 and 75,
4 something like that. The purpose was to introduce
11:40 5 the Pristec technology in Venezuela, and we did.

6 Q. Okay. Now, do you have an understanding
7 that there was a separate patent for cold-cracking
8 technology filed by Innovative Crude Technologies in
9 the United States?

11:41 10 A. I understand that they have upstreams
11 based on that patent between -- yes, I hear about
12 that, but it was upstream patent.

13 (Reporter clarification.)

14 A. Upstream patent.

11:41 15 Yes, I was not involved in that patent.

16 BY MR. McGRATH:

17 Q. That's what I was going to ask you. You
18 had no role in connection with developing that
19 technology?

11:41 20 A. No.

21 Q. Do you know -- have you ever read the
22 patent application?

23 A. Not really.

24 Q. Do you have any understanding of how that
11:41 25 patent would interact with the patents that you were

11:42 1 involved in?

2 A. No. I understood that it was a patent for
3 upstreams applications. I mean, closer to get the
4 oil from the bottom, you know, based on of course on
11:42 5 what we develop on the top, but I didn't -- I didn't
6 participate.

7 Q. All right. I just want to understand your
8 answer there. When you say -- when you refer to
9 upstream, what are you referring to?

11:42 10 A. I mean, normally the oil is below the
11 ground in the reservoir in the bottom. So why I
12 address that patent is for that, to get oil from the
13 ground, you know, to work in the reservoir.

14 Q. Okay. So you had no involvement in
11:42 15 developing that technology?

16 A. No.

17 Q. And you have no -- you have no financial
18 interest in that patent, correct?

19 A. Me, no.

11:42 20 Q. All right. Do you understand -- you know
21 that the two -- the process and the calibration
22 technology, there was a patent application filed in
23 the United States for both of those, right?

24 A. Yes.

11:43 25 Q. And do you know that the U.S. patent

11:43 1 office has rejected a lot of the claims relating to
2 those two patent processes?

3 A. I know that we got a patent in the U.S.,
4 but of course it's a normal process during the
11:43 5 acquisition of the patent. I mean, they have the
6 right to reject what is not invention and approve
7 what is invention. Till the end they reject
8 completely or they approve the patent. So what I
9 know is we got the patent here in U.S.

11:43 10 Q. Do you know what the scope of the patent
11 was compared to the original patent application?
12 Was it much more limited?

13 A. It was -- the only thing they put together
14 was the calibration and process in one patent, which
11:44 15 is -- I don't remember the name exactly, but it's
16 like treatment of mineral oil, you know. Treatment
17 of mineral oil by using acoustic wave, you know.
18 It's what we call cold cracking, you know.

19 Q. What does the reference to mineral oil
11:44 20 mean? Why was that phrase used "mineral oil"?

21 A. Because we have, for example, different
22 type of oil. So we wanted to address each -- to
23 crude oil, which is in the ground, but we could
24 treat that too, what you call it, any oil from the
11:44 25 reservoir, you know, use oil, we can improve the

11:44 1 quality of that oil, and this is oil too, you know.
2 It's not only to crude oil, but it could use to
3 grade contaminate motor oil, you know. It could be
4 used to grade motor oil, you know.

11:45 5 Q. So is it your understanding that the
6 reference to mineral oil is broader than just crude
7 oil?

8 A. It's the patent, that patent was more
9 geared to atomic structure of oil. So in this case,
11:45 10 oil, this type of oil that I'm telling you that is
11 inside that is cold, you know.

12 Q. Okay. So when you and the other inventors
13 of the process and calibration technology developed
14 your new technology, was there any dispute within
11:46 15 Pristec AG with the owners of the prior technology?

16 A. It was what?

17 Q. Was there any dispute with the owners of
18 the prior technology that Pristec was using?

19 A. No, no.

11:46 20 Q. Can you look at Exhibit 345, please.

21 MR. O'CONNOR: Which page do you want him
22 to look at, sir?

23 MR. McGRATH: Yes, hold on one second.

24 Page --

25

12:03 1 you and the other three individuals owned those two
2 patents, correct?

3 A. Yes.

4 Q. And you were licensing the right to use
12:03 5 those patents to Pristec AG in this agreement,
6 correct?

7 A. To -- yes.

8 Q. And then Pristec AG was going to license
9 that technology to Pristec America for use in
12:03 10 certain countries, correct?

11 A. Yes.

12 Q. Okay. But you still owned those patents
13 as of this date, correct? You were just granting
14 Pristec AG a license to use them.

12:04 15 MR. O'CONNOR: Object to the form. You're
16 asking legal conclusions, but you can go ahead
17 and answer.

18 A. So the question is if we are -- still have
19 the patent.

12:04 20 BY MR. McGRATH:

21 Q. At this time.

22 A. Yes.

23 Q. Yeah, okay.

24 A. The license, yes.

12:04 25 Q. Right. Okay. And do you remember when

02:02 1 Q. Okay. Thank you.

2 So have you ever read the complaint that
3 the Securities and Exchange Commission filed in this
4 case against Mr. Laura, Mr. Sichenzio, and
02:03 5 Mr. Gil De Rubio?

6 A. No.

7 Q. All right. I want to turn back to your --
8 to the Delgado disclosure, which is Exhibit 1. It's
9 Tab 2. And I would like to direct your attention to
02:03 10 paragraphs 8 and 9. Let me know when you're there.

11 MR. O'CONNOR: You said it was exhibit
12 which one?

13 MR. McGRATH: It's Tab 2 Exhibit 1.

14 MR. O'CONNOR: Got it. And what page?
02:03 15 What paragraph?

16 MR. McGRATH: 8 and 9.

17 MR. O'CONNOR: Okay. Go ahead.

18 BY MR. McGRATH:

19 Q. Mr. Delgado, there's a discussion about a
02:04 20 potential contract with the Egyptian Petroleum
21 Corporation that I'll refer to as EGPC, and it
22 states that a pilot project of the Pristec
23 technology was performed for Dr. Fahim in Austria,
24 and that he then began working to develop a project
02:04 25 in Egypt.

02:04 1 Do you see that?

2 A. Yes.

3 Q. Were you involved in the initial
4 discussions regarding that pilot project?

02:04 5 A. I was the one on the ground with the pilot
6 with the technical team.

7 Q. All right. When did you first begin
8 discussions with somebody at EGPC regarding a
9 potential contract using the Pristec technology?

02:05 10 A. I mean, even before 2010 I remember
11 conversations between Mahmoud and Rudi, I mean,
12 about to finish the validation and see if they can
13 start the approach to make a test with the oil from
14 Egypt and develop and to use the technology and to
02:05 15 do so in Egypt.

16 Q. All right. Now, if you look at paragraph
17 12 of your report, of the disclosure, it says that
18 there was a one-day test in your lab in Mank,
19 Austria that Mr. Fahim was present for. Do you see
02:05 20 that?

21 A. Yes.

22 Q. All right. But after that test, they
23 wanted to do a pilot project at their facility in
24 Egypt, correct?

02:06 25 A. Yes.

02:06 1 Q. And that pilot project was going to
2 involve you getting the activators over to the EGPC
3 location, correct?

4 A. Right.

02:06 5 Q. And did those activators ever arrive at
6 that location?

7 A. They were sent there, but I think at that
8 time the political subject started in all Africa,
9 North Africa, and then the project stop and the

02:06 10 machine return back.

11 Q. Are you talking about the Arab Spring?

12 A. Yes.

13 Q. And did that occur -- if you look at
14 paragraph 15 of the disclosure, it says, "Arab

02:06 15 Spring occurred in Egypt in 2011 and PAG pulled out
16 of Egypt quickly to protect the technology."

17 Do you see that?

18 A. Yes.

19 Q. So between 29 -- I'm sorry, between 2009
02:07 20 and the spring of 2011, was there any pilot project
21 conducted in Egypt?

22 A. No, in Vienna. In Vienna we made the
23 demonstration, and the machine has been sent to --
24 later on after the validation of the second test to
02:07 25 Egypt, but then due to the fact that Arab Spring

02:07 1 occur, then the project never started, and then send
2 the machine back.

3 Q. And when you say the machine was sent
4 over, you're talking about, was it a hydrogen
02:07 5 activator or a carbon and hydrogen activator? Which
6 one?

7 A. At first they send hydrogen activator.

8 MR. O'CONNOR: Hydrogen?

9 THE WITNESS: Hydrogen.

02:07 10 BY MR. McGRATH:

11 Q. Was that the only activator that was sent
12 over?

13 A. As far as I know, yes, because the second
14 one doesn't reach due to the problem, yes. It was
02:08 15 sent back.

16 Q. Was the hydrogen activator eventually sent
17 back to Vienna?

18 A. Yes.

19 Q. When?

02:08 20 A. During those days, but I don't know
21 exactly the date. I mean, I know that they stop the
22 project, I never travel to Egypt. I was in the
23 process to get a visa, and then that problem
24 happens, and then they decide to stop everything.

02:08 25 Then they send back the machine. I'm sure, because

02:08 1 I used the machine later.

2 Q. And at the time that you were planning on
3 this pilot project in Egypt, there was no contract
4 in place where an Egyptian company had agreed to pay
02:08 5 you for any revenues processed using that
6 technology, correct?

7 A. I mean, as I told you, I was not involved
8 in all this stuff, but I knew more because at that
9 time, I was chief technology, and I knew a lot of
02:09 10 conversation has been taking place due to pilot in
11 Egypt, but I never check in detail.

12 Q. Okay. So you didn't review any of the
13 contract documents that were exchanged?

14 A. No. I remember that I -- in the documents
02:09 15 I deliver to Kevin maybe something was about Egypt,
16 but I never participate in that myself in those.

17 Q. Okay. And after the Arab Spring political
18 issues ended, did Pristec AG renew their discussions
19 with EGPC to get them to go forward with the pilot
02:09 20 project?

21 A. I think so, but as far as I know, it never
22 happen.

23 Q. Okay. Were you involved -- were you
24 involved in those discussions?

02:10 25 A. No, I never been involved in this type of

02:10 1 discussion.

2 Q. Okay. All right. In paragraph 9 of your
3 report you say -- it says -- it states that, "The
4 contract in Egypt was expected to be profitable with
02:10 5 profits flowing directly to the investors in the
6 United States by virtue of the corporate
7 relationships and shareholding as between ICT,"
8 which refers to Innovative Crude Technologies,
9 correct?

02:10 10 A. Yes, yes, I see that.

11 Q. "And PAI and PAG."

12 Do you see that sentence?

13 A. Yes.

14 Q. Now, in 2009 and 2010, what was your
02:11 15 understanding as to what the corporate relationship
16 was between ICT, PAG, and PAI?

17 A. So as I told you, I have not been involved
18 deeply, but as the chief technology officer, I got
19 informed that everything is in order to raise money
02:11 20 and help the company, you know, to implement the
21 technology. So everything was -- I mean, in a way
22 to support raising money and support the
23 shareholders.

24 Q. Okay. But, so try to listen to my
02:11 25 question carefully. So in -- during the period 2009

02:13 1 of the issued shares in PAG had been obtained by
2 ICT? Did you know that at that time, or did you
3 learn that subsequently?

4 A. No, I knew -- I knew that, but I never
02:13 5 participate in that process. They told us that ICT
6 is 50 percent, that Pristec AG is 50 percent and ICT
7 is 50 percent, this I knew, but in 2011 when the
8 machine -- that they wanted to send the machine, we
9 wanted to go to Egypt, then they inform me that this
02:14 10 is the, you know, why ICT and PAG are part of a deal
11 in Egypt.

12 Q. Okay. So in paragraph 16, it states, if
13 the project -- "In short, were the project
14 profitable, there would be a direct flow of profits
02:14 15 back to the United States companies."

16 Do you see that?

17 A. Yes.

18 Q. So are you saying here -- and this project
19 was going to be from Pristec AG to Egypt, correct?

02:14 20 A. Yes.

21 Q. And are you saying here that if that
22 project had a profit, that somehow money from PAG
23 would go back to the U.S. companies?

24 A. Have to. It always was planned like that.

02:14 25 Q. Okay. So wait a minute. I want to ask

02:14 1 you --

2 MR. O'CONNOR: Please don't cut him off.

3 Please don't cut him off. He was in the middle
4 of a sentence.

02:15 5 BY MR. McGRATH:

6 Q. Finish your answer.

7 A. Always was planned like that, Pristec AG
8 will -- Pristec AG, all the investor, including the
9 investor of ICT in this case and Pristec America
02:15 10 will be paid, will get paid, because they support us
11 all the time with the -- with the raising money and
12 so on.

13 Q. And when you say the direct profits -- I'm
14 sorry, the direct flow of profits back to the United
02:15 15 States company, are you saying that Pristec AG would
16 declare a dividend and distribute that dividend back
17 to ICT?

18 A. I don't know how this process working, but
19 I assume -- I knew -- I understood that from
02:15 20 everything that we got through that project, the ICT
21 investors and the investor of America have to get
22 profit too, because we were together, you know.

23 Q. Do you know how profits are declared by an
24 off-stream company?

02:16 25 A. No, I don't know.

02:22 1 answered by telling me that Mr. Laura saved Pristec
2 AG, that has nothing to do with my question. So
3 please try to listen to my questions carefully and
4 answer my questions, if you don't mind.

02:22 5 A. Yes, but I never been in supervisory
6 board.

7 Q. That's fine. Thank you.

8 All right. Can you look at paragraph 17
9 of the disclosure? It states that, "The members of
02:22 10 the PAG management board approved of the actions
11 taken by defendant Laura to raise investor funds in
12 the United States in connection with the Egypt
13 project."

14 Do you see that statement?

02:22 15 A. Yes.

16 Q. Now, you were not yourself on the
17 management board of PAG in 2009 or 2010, correct?

18 A. Not in 2010. I was chief executive
19 officer executive board, yes.

02:23 20 Q. Right, but you were not a member of the
21 management board in 2010, were you?

22 A. There's a confusion. In Europe -- I have
23 to explain that. I don't know how it is in U.S. In
24 Europe we have supervisory board and executive
02:23 25 board. I don't know what is the meaning of

02:23 1 management board in this case. If it is supervisory
2 board, I was not a member, never. I used to be a
3 member in 2010 of executive board, which is chief
4 technology officer, a chief executive officer and
02:23 5 chief operating officer in 2010.

6 Q. So your recollection is that you were on
7 the management or the executive board in 2010?

8 A. Yeah, in 2010, executive board, yes.

9 Q. And when were you appointed to that
02:23 10 position?

11 A. In 2010.

12 Q. When in 2010, do you know?

13 A. Exactly I don't remember now, but I know
14 it was 2010 a hundred percent.

02:24 15 Q. And how long did your term last?

16 A. Till the time I left. Till the time I
17 left 2018, I used to be chief technology officer.

18 Q. Well, I understand that you were the chief
19 technology officer, but that isn't the same thing as
02:24 20 being a member of the executive board, is it?

21 MR. O'CONNOR: Objection to form.

22 MR. McGRATH: I'm asking.

23 A. No. In Europe executive board, chief
24 technology officer is a member of executive board.

25

02:24 1 BY MR. McGRATH:

2 Q. Okay. All right. So in paragraph 17 it
3 states that, "The management board approved the
4 actions taken by defendant Laura to raise investor
02:24 5 funds in the United States in connection with the
6 Egypt project."

7 So Mr. Laura was raising money in 2010,
8 correct?

9 A. Yes. Even before I seen, yes.

02:24 10 Q. And some of that money, it's your
11 understanding, was used to fund the Egypt project?

12 A. Yes.

13 Q. All right. And so are you saying anything
14 here more than that the board was aware of that and
02:25 15 agreed to accept that money?

16 A. No, I don't understand the question.

17 MR. O'CONNOR: I'm going to object to the
18 form.

19 A. No, I don't understand the question. So
02:25 20 you mean --

21 MR. O'CONNOR: If you don't understand the
22 question, you tell him you don't understand the
23 question.

24 A. I don't understand the question, yes.

02:25 25 MR. O'CONNOR: Because I don't understand.

02:25 1 BY MR. McGRATH:

2 Q. Well, let me ask it a different way.

3 When you say -- when it states here in
4 paragraph 17 that, "The management board approved of
02:25 5 the actions taken by defendant Laura to raise
6 investor funds in the United States in connection
7 with the Egypt project," what is that referring to?

8 A. So he's referring in that meeting Laura
9 has been had raising money for the Egypt project.

02:25 10 Q. Okay. Were you involved in any
11 negotiations or discussions about any of the
12 contracts that Pristec AG entered into with ICT or
13 PAI New Jersey in 2010, 2011, or 2012?

14 MR. O'CONNOR: Objection to form.

02:26 15 You can answer.

16 A. Directly, no.

17 BY MR. McGRATH:

18 Q. Okay. Did you ever read any of those
19 contracts?

02:26 20 A. I read them roughly, but I never
21 participate regularly in those contracts, because I
22 never got a signature.

23 Q. You never signed any contract on behalf of
24 Pristec AG with ICT or PAI in 2010 or 2011, did you?

02:26 25 A. This I don't recall, but I know that I was

02:26 1 in the meeting in -- concerning ICT when it was
2 50/50 splitting, and 50 percent was for us, for
3 Pristec AG, and the rest was for ICT. This I
4 remember I was in a meeting, and then nothing more,
02:27 5 as far as I remember.

6 Q. Okay. All right. And so were you back
7 then in 2010 and 2011, were you personally familiar
8 with any of the specific terms of any agreements
9 between PAG and PAI and ICT other than the 50/50
02:27 10 split?

11 A. As I told you, no. I read the papers, but
12 I not -- I didn't participate in detail.

13 Q. Okay. Now, why did -- what was PAG's
14 financial position in 2010? Did it need money?

02:28 15 A. In 2010, yes. In 2010, yes. We needed
16 money always.

17 Q. Can you look at paragraph 18 of the
18 Castillo disclosure. It says, "When the project in
19 Egypt was canceled, Mr. Castillo traveled to the
02:28 20 United States along with Mr. Nuerk and engaged in
21 meetings and high level discussions regarding the
22 road to implementing the technology."

23 When -- when was the project in Egypt
24 canceled? Are you talking about the spring of 2011?

02:28 25 A. In 2011 I knew the machine came back, and

02:28 1 they told us we are not going to proceed due to the
2 situation.

3 Q. Okay. Was that the first time that you
4 traveled to the United States in connection with
02:29 5 Pristec AG business --

6 A. Yes.

7 Q. -- or have you been there before?

8 A. No, it was the first time.

9 Q. Okay. Do you remember what month you
02:29 10 traveled to the United States?

11 A. I don't remember. I don't recall that.

12 Q. Okay. But it was in 2011?

13 A. Yes, it was after the project in Egypt,
14 but I don't remember now, because I used to go to
02:29 15 Venezuela, yes, probably in that year too.

16 Q. And how many times did you go to the
17 United States in 2011, if you remember?

18 A. After that?

19 Q. Yes.

02:29 20 A. Oh, after that, been in Pristec I think --
21 been in Pristec I think one time more, but -- yes, I
22 came with Rudi. Yes, I think two times during --
23 yes, no more.

24 Q. Two times in total?

02:30 25 A. With Pristec AG we talking about.

02:31 1 time with Rudi Nuerk and Joseph Laura and Tony, and
2 we met a lot of people, but I don't remember who
3 they are.

4 Q. Okay. And the second trip, do you
02:31 5 remember how long that transcript lasted?

6 A. Yeah, the second trip, we was like one
7 week, ten days maximum.

8 Q. And what was the purpose of that trip?

9 A. That was in the end -- in the end when I
02:31 10 was about to finish with Pristec that I came here
11 too, because they wanted to make a settlement, but
12 in the end nothing happen. And the purpose was to
13 come here and speak with the shareholders, you know,
14 with investor, that they want to invest in Pristec.

02:32 15 Q. Okay. Can you look at paragraph 19 of the
16 Delgado disclosure, please?

17 A. Yes.

18 Q. It states, "Mr. Castillo was engaged with
19 a project for Petroleos --" that's
02:32 20 P-E-T-R-O-L-E-O-S -- "de Venezuela S.A. --" and the
21 acronym for that which is what I'll refer to it as
22 is PDVSA "-- during the period 2011 through 2015.
23 He split his time between the Venezuela project and
24 a project in Tallinn --" T-A-L-L-I-N-N -- "Estonia."

02:32 25 Do you see that paragraph?

02:32 1 A. Yes.

2 Q. So were you involved in the initial
3 discussions with PDVSA regarding a project there?

4 A. Yes. At that time, yes. And Nuerk was
02:33 5 there and was involved, because I'm Spanish, I
6 participate more on that.

7 Q. And can you tell me generally -- was that
8 also a pilot project?

9 A. It was due to implementation of the
02:33 10 technology in Venezuela, we started in a cluster
11 working 24 hours.

12 (Reporter clarification.)

13 A. We started in a cluster. Cluster call a
14 group of oil wells, oil wells.

02:33 15 MR. O'CONNOR: Cluster, C-L-U-S-T-E-R, of
16 oil wells?

17 THE WITNESS: Yes.

18 MR. O'CONNOR: Okay.

19 A. And the purpose was start with -- in one
02:33 20 cluster was two wells and then improve the
21 implementation up to 2, 3,000 barrels per day.

22 Q. Let me direct your attention to Exhibit 23
23 or Tab 23.

24 MR. O'CONNOR: We're there.

25

02:34 1 BY MR. McGRATH:

2 Q. Okay. So Mr. Delgado, this is an e-mail.

3 MR. McGRATH: I'm sorry. Court Reporter,
4 is this going to be Exhibit 5?

02:34 5 THE COURT REPORTER: Yes.

6 MR. McGRATH: All right. Thank you.

7 (Thereupon, marked as Exhibit 5.)

8 BY MR. McGRATH:

9 Q. This is an e-mail from Joseph Laura
02:34 10 addressed to "Dear Doctor" dated December 10, 2011,
11 and in the first paragraph third sentence says, "For
12 your information, Pristec is currently completed
13 installation of our technology in Venezuela. Our
14 chief technology officer, Mr. Joe Miguel Delgado
02:35 15 Castillo, arrived in Venezuela earlier today. The
16 purpose of his trip is to oversee completion of the
17 installation process and to begin pilot testing.
18 Our expectations are to begin testing by mid
19 January 2012."

02:35 20 Do you see that?

21 A. Yes.

22 Q. And was that your expectation at the time,
23 that you would begin conducting the pilot testing in
24 approximately mid January 2012?

02:35 25 A. It was the -- it was the plan.

02:35 1 Q. And did you actually begin the pilot
2 testing in 2012?

3 A. I think no. We delay a little bit to
4 start -- to complete the whole project installation.

02:35 5 Q. When did the pilot testing actually take
6 place?

7 A. After that ending last quarter I think
8 from '12 to '14, I think. To the time -- yes.

9 MR. O'CONNOR: You have to speak into the
02:36 10 mic.

11 THE COURT REPORTER: No, we can't hear
12 you.

13 BY MR. McGRATH:

14 Q. Would that take it until approximately
02:36 15 July 2014?

16 A. Yes. In July 2014, we remained there, but
17 the activity was coming down more and more and more
18 to the time the situation became out of our hands,
19 and then we send back the machine from -- from
02:36 20 Venezuela.

21 Q. So what was the reason for why it took so
22 long between the mid January 2012 date to the
23 July 2014 date?

24 A. Because -- no. It take long, because the
02:36 25 process without stopping all the time. What took

02:45 1 you're not annunciating as much.

2 THE WITNESS: Sorry.

3 MR. O'CONNOR: So it's harder to hear you.

4 I know, it's late in the day.

02:45 5 THE WITNESS: I'll try my best.

6 BY MR. McGRATH:

7 Q. So paragraph 19 of the disclosure also
8 makes reference to a project in Tallinn,
9 T-A-L-L-I-N-N, Estonia. Do you see that?

02:45 10 A. Yes.

11 Q. Were you involved in the preparation for
12 that project?

13 A. Yes.

14 Q. When did you -- when did you first start
02:45 15 planning to do a pilot project in Tallinn, Estonia?

16 A. It was the same year, but I went to
17 Venezuela. I was traveling to one place, travel to
18 another one. I prepare some specialist in
19 Venezuela. I prepare -- I took from Vienna some
02:46 20 people to go with me to Tallinn. So it was in 2011
21 when we execute that project.

22 Q. Okay. Can you look at Document Number 14,
23 please. It's entitled "Risk Analysis Report Vesta
24 terminal," V-E-S-T-A, in Tallinn. I guess this is
02:47 25 going to be Exhibit 6.

02:47 1 (Thereupon, marked as Exhibit 6.)

2 BY MR. McGRATH:

3 Q. Let me know when you have that up.

4 A. Yes.

02:47 5 Q. Okay. Do you see on the first page under
6 Pristec AG, it has Miguel Delgado?

7 A. Yes.

8 Q. Is that you?

9 A. Yes.

02:47 10 Q. Did you participate in the preparation of
11 this Risk Analysis Report?

12 A. I submit that from the -- from the test --
13 I mean from the pilot.

14 Q. Right. And what's the purpose of a Risk
02:47 15 Analysis Report?

16 A. The purpose is prove that the technology
17 is ready for implementation.

18 Q. And when was that pilot project supposed
19 to take place in Tallinn?

02:48 20 A. That year, 2011.

21 Q. Okay. And isn't it a fact it didn't take
22 place until the spring of 2012?

23 A. Not really. You see, the time we make
24 demonstration for Egyptian person, we invite too a
02:48 25 person called Daniel Summers.

02:48 1 (Reporter clarification.)

2 A. Daniel Summers, this is the person who was
3 in charge of Vesta project, and he participate in
4 validations before, but he prepare everything for
02:48 5 that year. It was planned for that year.

6 BY MR. McGRATH:

7 Q. So do you know Walter Gil De Rubio?

8 A. Yes.

9 Q. Was he involved in setting up the pilot
02:49 10 project in Tallinn, Estonia?

11 A. Yeah, he was with me there in Tallinn in
12 Estonia.

13 Q. Okay. Why did you send -- why was he sent
14 there?

02:49 15 A. My presentation of American investor, I
16 mean U.S. investor.

17 Q. Did Pristec AG have any employees working
18 there?

19 A. In what?

02:49 20 Q. Did Pristec AG have any employees working
21 at the Tallinn pilot project?

22 A. Yeah, the technology that I prepare, me
23 myself, yes.

24 Q. But during what period of time was the
02:49 25 project running in Tallinn? What months did it

02:49 1 operate?

2 A. We process several thousand ton there in
3 the big tanks, you know. Two, three weeks I see we
4 operate. Then we got to break down. Then we make
02:50 5 maintenance and then we continue again.

6 THE COURT REPORTER: I'm sorry. I'm not
7 understanding.

8 A. Maintenance, we make maintenance and
9 refurbish one of the machine, and then we continue
02:50 10 till the time, because the project was to finish
11 7,000 tons 24 hour. And then we finish it, and then
12 after that, we stop.

13 BY MR. McGRATH:

14 Q. So how many different days did you run the
02:50 15 pilot project there?

16 A. No. We ran continuously without stopping,
17 24 hour.

18 Q. For how many days?

19 A. Seven, ten days, then we got to break
02:50 20 down, and then we refurbish and then we continue
21 again, and we continue working for a couple of --
22 24-hour, you know, seven days without stopping.

23 Q. So how many -- can you approximate how
24 many total days the project ran there?

02:51 25 A. No, I can't tell you, but I know that

02:51 1 continuously we run that material 7,000 tons was 24
2 hours seven days without stopping.

3 Q. So you're talking about running the same
4 material through the system 24 hours a day, day
02:51 5 after day?

6 A. Yes, seven day continuous.

7 Q. Okay. And what was the purpose of doing
8 that?

9 A. The process of implementation of the
02:51 10 technology mix that approach to be that for
11 implementation. Nobody see the system working
12 24-hour without interruption and delivering the
13 resource. So the purpose was to show that this is
14 the transition between the lab scale and tutor scale
02:51 15 for what we call flexibility, test.

16 Q. And how many days were you there?

17 A. I was there like two months in total.
18 Two, three months, yes.

19 Q. I'm sorry, did you say you were there two
02:52 20 to three months?

21 A. Two to three months.

22 Q. Continuously?

23 A. No. Remember, I have to go myself.

24 People were there. I have to go to Venezuela. I
02:52 25 have to come back to Vienna, but I was -- I was

02:53 1 Q. Okay. The next document is Exhibit 30.
2 I'm having trouble opening it up on my end. Why is
3 it not opening.

4 Are you able to open that document?

02:54 5 A. Which one?

6 MR. O'CONNOR: I'm in 30, yeah.

7 MR. McGRATH: Yeah, sorry. Mine is not
8 opening for some reason here. Hold on.

9 THE COURT REPORTER: This is the reporter.
02:54 10 Just for clarification, is 30, 31, and 32
11 Exhibit 6?

12 MR. McGRATH: No. Make 32 Exhibit 6, and
13 then make 30 Exhibit 7, and 31 Exhibit 8,
14 please.

02:54 15 (Thereupon, marked as Exhibits 6A, 7, and
16 8.)

17 BY MR. McGRATH:

18 Q. I can't personally seem to open this one.
19 But Mr. Delgado, is this also a certified test
02:54 20 result that took place on June 18, 2012?

21 A. Yes.

22 Q. And were you present for that one?

23 A. Yes, I was present.

24 Q. Okay. And now for -- okay, now I got it.

02:54 25 Okay.

02:55 1 Exhibit 32 -- I'm sorry, now we're back at
2 30, Exhibit 30. I was able to open it.

3 All right. Now I'm on 31. Is that also
4 an analytical report done by SGS on June 18, 2012
02:55 5 for a sample?

6 A. One second.

7 Q. Do you see that?

8 A. Yes.

9 Q. Okay. So other than these three certified
02:55 10 test results that I just showed you, were there any
11 other certified test results performed at the
12 Tallinn location?

13 A. As far as I remember, I only seen the
14 final validation of the technology by the management
02:55 15 of the terminal. There is a report that the
16 technical director issue about the technology ready
17 for implementation.

18 MR. McGRATH: Kevin, do you want just to
19 take a five-minute break, because I think the
02:56 20 witness, as you say, is getting a little tired,
21 and we're having a little trouble understanding
22 him, but maybe just a couple short breaks?

23 MR. O'CONNOR: Sure.

24 MR. McGRATH: All right. So it's five to
02:56 25 3:00. Let's resume a few minutes after three,

02:56 1 if that's all right.

2 MR. O'CONNOR: Sure.

3 THE VIDEOGRAPHER: Okay. The time is

4 2:56 p.m. We are now off the record.

02:56 5 (Recess taken.)

6 THE VIDEOGRAPHER: All right. The time is

7 3:02 p.m. We are now on the record.

8 BY MR. McGRATH:

9 Q. Mr. Delgado, the testing that was done in

03:02 10 Tallinn, Estonia, did that result in Pristec AG

11 entering into a commercial contract with the

12 Estonian company?

13 A. Yes, it was the purpose.

14 Q. I'm sorry?

03:02 15 A. It was the purpose to enter into

16 commercial contract.

17 Q. Right, but did they actually sign a

18 contract with PAG after the test period?

19 A. No.

03:02 20 Q. Why not?

21 A. As far as I understood, Mercuria sold that

22 terminal to the Chinese company.

23 (Reporter clarification.)

24 A. No, Vesta, the owner of the Vesta

03:03 25 terminal.

03:03 1 BY MR. McGRATH:

2 Q. The owner of the Vesta terminal sold the
3 facility to the Chinese?

4 A. Yes, to Chinese, and then I think
03:03 5 everybody was scared at that time about China, so
6 they didn't proceed.

7 Q. Okay. So what happens to the equipment
8 that was in Tallinn?

9 A. We send back. We say -- it cost us a lot,
03:03 10 but we send back to -- we go back to Austria.

11 Q. Okay. Now, after that, were you involved
12 in negotiations to do a pilot project with any
13 companies in Mexico?

14 A. Yes. As I told you, I went to Mexico;
03:04 15 Pemex.

16 Q. Pemex, P-E-M-E-X?

17 A. I went to Mexico. I was not involved in
18 any negotiation, but I was in Mexico to make a
19 presentation in Pemex with a lot of engineers and
03:04 20 the technical stuff with Pemex at that time, and we
21 invite Pemex to Venezuela as well to see what we
22 were doing as well to identify one of test, and they
23 want us to go to Mexico and make the pilot case in
24 Mexico to demonstrate the technology in Pemex.

03:04 25 Q. Okay. So I just want to open up another

03:06 1 Q. And if you look at page 3 of the letter,
2 there's a list of attachments as described as the
3 Pristec Pemex-refinancion contract, a list of
4 activities and timeline for completion, Pristec
03:07 5 cold-cracking technology patent documents, certified
6 tests -- certified results of tests conducted by
7 Tecon, Saybolt, SGS, and Core Labs and some joint
8 venture financials, correct?

9 A. Yes.

03:07 10 Q. So did you help put together the certified
11 test results that were included in this?

12 A. Yes, I deliver those test results.

13 Q. Okay. And did you try to collect all of
14 the certified test results that had been conducted
03:07 15 to date?

16 A. Yes, normally we have backup account.

17 Q. You have a what?

18 A. A backup of all certificates of Pristec.
19 We have a folder there, and I share with my team to
03:07 20 motivate them sometimes, you know, to show what we
21 achieve.

22 Q. And what was the planned pilot project for
23 Pemex? What was that supposed to consist of?

24 A. Yes. I mean, the plan all the time was
03:08 25 implementation of the technology in different branch

03:08 1 of Pemex, you know. So this was the plan. So the
2 intention behind all those visit and presentations,
3 documentation.

4 Q. Had the Pemex officials, did you say they
03:08 5 had visited the pilot project in Venezuela?

6 A. Yes. A team from Mexico came to Venezuela
7 and see the results with Orinoco Oil.

8 (Reporter clarification.)

9 A. Orinoco oil.

03:08 10 BY MR. McGRATH:

11 Q. Orinoco, O-R-I-N-O-C-O?

12 A. Yes. Orinoco oil, and then they said we
13 have to implement a pilot in Mexico to see what
14 achievement we can get with Pemex oil, which is
03:09 15 different from Venezuela.

16 Q. Okay. So they wanted to see whether the
17 oil that they used would be susceptible of the
18 processing with your equipment that would be
19 successful for them?

03:09 20 A. Yes. If we pass the pilot test, then we
21 would go to commercial.

22 (Reporter clarification.)

23 MR. McGRATH: If they would pass the pilot
24 test, then they would go to a commercial
03:09 25 contract.

03:26 1 refer to that, and the comments outside too, you
2 know, you can't avoid that when you working with
3 Pristec AG.

4 Q. So you're saying that you heard this from
03:26 5 somebody outside of the arbitration?

6 A. Even -- even Pristec AG, when I used to be
7 there, some of the comments, some of the -- they
8 mention to me the problem, you know, the problem
9 with the SEC, but I don't know what is that. I
03:26 10 never participate in that.

11 Q. Okay. Just a quick question going back to
12 the Tallinn pilot project. This is separate from
13 paragraph 41. I just have a question regarding your
14 prior testimony.

03:27 15 You said that in Tallinn they were running
16 the product through the machines through the
17 activators 24 hours a day for a number of days at a
18 time? Do you remember that testimony?

19 A. Yeah, seven days 24 hours.

03:27 20 Q. Okay. Was it -- just so I understand, was
21 it the same material going through it day after day?

22 A. Yes, 7,000 ton, one type of material.

23 Q. All right. And was the purpose of that
24 test to just make sure that the activators could
03:27 25 continue to process that volume of oil 24/7?

03:27 1 A. Yes, one of the purpose, yes.

2 Q. Okay. And what, if any, other purpose was
3 there?

4 A. To validate that the technology ready for
03:28 5 implementation, I mean to achieve the quality
6 results.

7 (Reporter clarification.)

8 A. The results, the quality of the product
9 that is in accordance with the standards, you know.
03:28 10 We don't damage the product.

11 BY MR. McGRATH:

12 Q. So this is the part I don't understand.
13 So if you take -- like, how many barrels of oil were
14 you running through at one time?

03:28 15 A. 300 -- 250 barrels per hour.

16 Q. Okay. So 250 barrels of oil an hour goes
17 through the activators.

18 A. Yes.

19 Q. And then it ends up at what, in another
03:28 20 tank, and then it gets recycled?

21 A. No, no, no, no. From one tank to second
22 tank, that's it. From tank to tank.

23 Q. So when it goes from tank A to tank B,
24 what happens to the oil when it's in tank B?

03:29 25 A. We improve the quality of the product.

04:06 1 only process 5,000 barrels a day. So you would only
2 get 20,000 barrels with four units.

3 A. Yes, you are right.

4 Q. So I'm asking for 200,000 barrels.

04:06 5 A. Oh, for 200,000. So we need between 18
6 and 20 machines. It's just mathematically assumed,
7 you know.

8 Q. Yeah. So for 200,000 barrels, you would
9 need 40 activator units.

04:06 10 A. Yes, plus or minus, because you see, the
11 5,000 barrel per day is average.

12 Q. Right.

13 A. Yes.

14 Q. Okay. And so -- and were you also saying
04:07 15 that for every four units that you're going to use,
16 you would want to have one extra?

17 A. No, not really. When you have a bunch of
18 unit, you need, depending on the quantity, one or
19 two spare. For 20, you need, for example, two, yes,
04:07 20 but for less, one.

21 Q. Okay. So Pristec AG has never conducted a
22 pilot project that involved more than one activator
23 unit running at a time, right?

24 A. No, sorry. We use two, three activator at
04:07 25 a time through pilot. In Venezuela we use two. In

04:07 1 Tallinn we use two. In China we use three.

2 Q. Okay. Well, when you say in Tallinn you
3 used two, you're talking about one hydrogen and one
4 carbon activator, correct?

04:08 5 A. Yes.

6 Q. All right. But have you ever used more
7 than one hydrogen and carbon activator at a time?
8 Like, did you ever use two carbon and one hydrogen
9 activator at a time?

04:08 10 A. In China.

11 Q. Okay. Other than in China, anywhere else?

12 A. No.

13 Q. Can you look at -- I'm sorry. Exhibit --
14 so paragraph 73, please.

04:08 15 Let me know when you've read that
16 paragraph.

17 A. Yes.

18 Q. So the second sentence -- I'm sorry, the
19 third sentence of paragraph 73 says -- I'm sorry.

04:09 20 I'm going to correct myself again.

21 The fourth sentence says, "To operate up
22 to 20 units in one location, the Pristec technology
23 only requires two people, an employee on the floor
24 and an employee in the control room."

04:09 25 Do you see that?

04:19 1 THE WITNESS: And then --

2 MR. O'CONNOR: Not the -- not the --

3 THE WITNESS: No, this is part of the
4 machine, because this is electrical motor. All
04:19 5 this -- all this is the machine, yes. The
6 motor plus the activator part.

7 And then the right one, the smaller one is
8 hydrogen activator.

9 (Reporter clarification.)

04:19 10 THE WITNESS: The right side of the
11 picture, the small machine that we saw there,
12 it is the hydrogen activator.

13 MR. O'CONNOR: Hydrogen activator on the
14 right side of the image.

04:19 15 THE WITNESS: Yes.

16 BY MR. McGRATH:

17 Q. And what are the cylinders in the middle
18 between the two activators?

19 A. This is reducers to reduce the pressure.

04:20 20 (Reporter clarification.)

21 BY MR. McGRATH:

22 Q. Reducers to reduce the pressure?

23 A. Yes, to reduce pressure; to control and
24 reduce pressure.

04:20 25 Q. All right. And do you know where this

04:20 1 picture was taken?

2 A. In Venezuela.

3 Q. In Venezuela?

4 A. Yes, I was there.

04:20 5 Q. Okay.

6 A. It was even -- it was even not finish at
7 that moment the system. It has been calibrating,
8 commissioning, it was working but not finish
9 completely yet.

04:20 10 Q. Okay. When the activators were in
11 operation in Venezuela, were they in this setting
12 here, or were they moved somewhere else in the
13 plant?

14 A. No, the same setting. The same setting.

04:20 15 Q. Okay. And where would the feeder fuel
16 enter this system?

17 A. In the black tank, the small one. The
18 small one. It's coming from this tank.

19 MR. O'CONNOR: You're pointing to the
04:21 20 outside.

21 A. It's coming from the well, then it's going
22 to all auxillary equipment, separator, heaters, and
23 then it's going to that tank, this one.

24 MR. O'CONNOR: He's pointing to the large

04:21 25 tank that's through the bars in the back.

04:21 1 BY MR. McGRATH:

2 Q. Okay.

3 A. And after that, it's going to this.

4 MR. O'CONNOR: Then it comes to the small
04:21 5 auxiliary tank --

6 THE WITNESS: Yes.

7 MR. O'CONNOR: -- which is here on the
8 left, far left side of the image --

9 THE WITNESS: Yes.

04:21 10 MR. O'CONNOR: -- in the corner of the
11 building.

12 THE WITNESS: Yes.

13 A. And then it's going, depending on the type
14 of calibration, both of them at the same time or to
04:21 15 one first and then second later.

16 MR. O'CONNOR: Okay.

17 BY MR. McGRATH:

18 Q. So it could go into either the hydrogen
19 and then the carbon or both depending on what you're
04:21 20 doing?

21 A. Yes.

22 Q. Okay. And then where does the fluid go
23 after it leaves this system?

24 A. Again.

04:22 25 MR. O'CONNOR: Where does it -- after it's

210

04:23 1 resume a little after 4:30.

2 MR. O'CONNOR: All right. Thanks.

3 THE VIDEOGRAPHER: Okay. The time is

4 4:23 p.m. We are now off the record.

04:23 5 (Recess taken.)

6 THE VIDEOGRAPHER: All right. The time is

7 4:32 p.m. We are now on the record.

8 MR. McGRATH: All right. Mr. Delgado, I

9 don't have any more questions for you at this

04:32 10 time. Thank you very much. I appreciate your

11 willingness to answer my questions.

12 MR. O'CONNOR: Okay. I have a few

13 follow-up questions. Can you guys hear me

14 okay?

04:33 15 MR. McGRATH: Yeah.

16 MR. O'CONNOR: All right. Now, Kevin

17 McGrath, I did forward to you an exhibit. I

18 would just check your e-mail just to make sure

19 you got it.

04:33 20 MR. McGRATH: Hold on. Let me just check.

21 MR. O'CONNOR: While you're looking for

22 that, I'll just get moving here.

23 EXAMINATION

24 BY MR. O'CONNOR:

04:33 25 Q. Mr. Delgado, you were asked some questions

04:42 1 have every right to say that the patent rights were
2 held by Pristec AG?

3 A. The patent --

4 MR. McGRATH: Objection to the form of the
04:42 5 question.

6 BY MR. O'CONNOR:

7 Q. You can answer.

8 A. The patent belong to -- at that time was
9 belonging to Pristec AG.

04:42 10 Q. No, I understand that now you have a
11 belief that it has reverted to you, right?

12 A. Yeah.

13 Q. Okay. But that hasn't been adjudicated
14 yet, right? That hasn't been decided yet?

04:42 15 A. No, no, no, it's in the lawyer.

16 Q. Okay. Have you ever heard it said ever
17 other than us being here today that Pristec America
18 didn't have the right to market the Pristec
19 technology?

04:42 20 A. That didn't have the right?

21 Q. Yes.

22 A. No.

23 Q. At all times were you on the board of
24 Pristec America?

04:42 25 A. On the board of Pristec America, yes.

04:42 1 Q. Okay. Were you also on the board of an
2 entity named Pristec Refining Technologies?

3 A. Oh, yes.

4 Q. Now, Mr. McGrath asked you if any efforts
04:43 5 were ever made to develop a commercial contract in
6 the United States. Do you recall that?

7 A. Yes. They want to develop a contract in
8 the United States.

9 Q. All right. Wasn't Pristec Refining
04:43 10 Technologies intended to develop the commercial
11 contract in the United States?

12 A. Yes, they -- they wanted to develop the
13 contract, but it was a lot of problem intended
14 there.

04:43 15 Q. A lot of what?

16 A. A lot of problems.

17 Q. Problems. All right. We'll talk about
18 those problems.

19 So before the Pristec Refining
04:43 20 Technologies contract was signed, did Mr. Earle come
21 to Vienna?

22 A. Before?

23 Q. Yes.

24 A. Before I signed contract?

04:43 25 Q. Yes.

04:43 1 A. Yes, I make the demonstration for them.

2 Q. So you were in Vienna when Mr. Earle came?

3 A. Yes.

4 Q. Did you see him -- did he bring anybody

04:43 5 with him, any professionals?

6 A. Yes.

7 Q. Who did he bring?

8 A. He bring Steve Hays, Ron Tabery.

9 Q. Ron Tabery, T-A-B-E-R-Y?

04:44 10 A. Tabery, yes.

11 Q. So he brought Stephen Hays and Ron Tabery,

12 correct?

13 A. Yes, and I think he brought another person

14 from a company, engineering company.

04:44 15 Q. So you think he brought another person

16 from an engineering company?

17 A. Yes, I don't remember, yes.

18 Q. Now, how long were they in Vienna?

19 A. They here -- we had the demonstration for

04:44 20 them like two or three days, I think.

21 Q. Were they in your estimation based on what

22 they said to you pleased with the results of the

23 demonstration?

24 A. No, we made two times demonstrations. The

04:44 25 first time I made for them demonstration and they

04:44 1 were happy is what I know. And I seen later on and
2 they participate, they went to the office to sit
3 down.

4 Q. Were you at the office part meeting?

04:45 5 A. No.

6 Q. Okay. But you understood that after that
7 demonstration --

8 A. They were happy.

9 Q. -- they gave some money to Pristec

04:45 10 America, right?

11 A. I understood that they support the Pristec
12 America.

13 Q. And then they signed the --

14 A. Contract.

04:45 15 Q. -- contract, right?

16 A. The contract.

17 Q. Okay. Now, I would like to show you --

18 MR. O'CONNOR: Mr. McGrath, have you
19 received the equipment agreement?

04:45 20 MR. McGRATH: Yes, hold on. Let me just
21 open it up again.

22 Victor, did you receive it as well?

23 MR. SUTHAMMANONT: Yes, I did.

24 MR. McGRATH: Okay, thank you. I got it.

04:45 25 MR. O'CONNOR: So for the record, this is

04:45 1 an Equipment Sales Agreement and Exclusive
2 Intellectual Property License for and by and
3 between Pristec America, Inc. and Pristec
4 Refining Technologies USA, LLC.

04:46 5 Now, I will provide counsel with the
6 Bates-stamped copy, but unfortunately, I
7 couldn't get into my system here at the
8 deposition, but this was produced.

9 Now, this is, by the way, a Joint Exhibit
04:46 10 E46 used at the International Center for
11 Dispute Resolution Arbitration.

12 BY MR. O'CONNOR:

13 Q. So Mr. McGrath asked you about the Series
14 2 activators. Do you remember that?

04:46 15 A. He asked the question, but I don't...

16 Q. You said you don't know what he's talking
17 about, right?

18 A. Yes.

19 Q. Okay. So if we look at the equipment --
04:46 20 sales equipment agreement for PRT, and you said you
21 were on the board, correct?

22 A. Correct.

23 Q. Does this define in this agreement what
24 equipment would be provided by Pristec?

04:46 25 A. Normally what I said always, and I knew

04:47 1 because it's a hundred percent sure, the only thing
2 we needed is made equipments according to API
3 standards, but no modification should be made there.

4 Q. All right. So API is the American
04:47 5 Petroleum Institute?

6 A. Yes, yes.

7 Q. Okay. And so did the equipment that was
8 in the design phase and ready for implementation
9 according to you, when this agreement was signed,
04:47 10 right, which is September 14, 2016, was Pristec AG
11 in a position to supply the equipment? Could it do
12 so?

13 A. I approve because we wanted to make it.
14 It was ready to go at that time.

04:47 15 Q. Okay. But it had the ability to supply
16 the equipment, right?

17 A. Yes.

18 Q. Okay. Did PRT ever order the equipment
19 from Pristec AG?

04:47 20 A. This, I don't know. I believe so, but I
21 don't know, because PRT is giving me more trouble
22 than ever in my life.

23 Q. Isn't it true, sir, that in the first week
24 of January of 2017 Earle Refining, a member of
04:48 25 Pristec Refining Technologies, claimed to own the

04:48 1 whole thing?

2 A. Yes, it was one of the reasons why I left
3 Pristec.

4 Q. Well, tell me about that. Why did you
04:48 5 resign from Pristec AG?

6 A. I mean, two main reasons. The first one,
7 because of the famous shareholder meeting.

8 Q. The famous what?

9 A. Shareholder meeting that I was -- in my
04:48 10 knowledge, Joe was the chairman of the board. And
11 then when the meeting was started, they didn't allow
12 the American people to talk.

13 Q. Okay. So just orient the judge or the
14 jury or whoever might be watching you, what time
04:48 15 frame are you talking about?

16 A. I'm talking about the shareholder meeting
17 in '17, I think in the last -- the last one I
18 participate.

19 Q. Okay.

04:49 20 A. I was thinking everything will be solved.

21 (Reporter clarification.)

22 A. I was assuming that the meeting will go
23 like should be. Everybody will talk and explain the
24 situation in the company and explain how they are
04:49 25 going to make a settlement for a good of investor

04:49 1 and the company, and it was everything totally
2 different. They didn't allow the American
3 investors, even though Joe, that for me, he was the
4 chairman of the company to talk, and they brought
04:49 5 the police there. I mean, it was a big -- I was
6 shocked myself. It was frustrating at that time.

7 And then the second reason is because I
8 realize that PRT, T.J --

9 BY MR. O'CONNOR:

04:50 10 Q. T.J Earle?

11 A. Yeah, a lot of lawyers there. And Rudi,
12 they want to push me to sign an agreement to give
13 the patents -- I mean the license, the patents, the
14 right to T.J.

04:50 15 Q. To a new company or TJ himself?

16 A. No, Newco, Newco.

17 Q. Newco.

18 A. And I said, no, I not doing that.

19 Q. Did they forge your name to the documents,
04:50 20 sir?

21 A. I knew later on in the arbitration that
22 they put my signature there.

23 Q. On the documents that would allow the
24 Newco to go forward?

04:50 25 A. Yeah.

04:50 1 Q. You found that out later?

2 A. In the -- in the arbitration.

3 Q. So in your estimation, was Ruediger Nuerk
4 at all looking out for the interests of the American
04:50 5 investors?

6 MR. McGRATH: Object to the form of the
7 question.

8 BY MR. O'CONNOR:

9 Q. You could answer it.

04:50 10 A. I think Rudi destroy the whole things
11 together with T.J.

12 Q. Okay. And in your estimation, was Joseph
13 Laura looking out for the investors?

14 A. I have to say yes. This is why I continue
04:51 15 with him.

16 MR. O'CONNOR: Okay. Well, thank you for
17 your time, sir. I have nothing further.

18 MR. McGRATH: Kevin, I just have a few
19 follow-up questions. Going back to the
04:51 20 document that you were just pointing him to,
21 which was Tab 17, I think it was PDF page 29.

22 MR. O'CONNOR: Yes, sir.

23 EXAMINATION

24 BY MR. McGRATH:

04:51 25 Q. Let me just get back to that.

04:57 1 second patent granted January 15, 2013, right?

2 A. Yes.

3 Q. So those are the two patents that this

4 agreement deals with, and it's saying in this

04:57 5 paragraph that you and the other three inventors are

6 the exclusive owners of those patents on this date,

7 and you're granting Pristec AG a license to use

8 those patents in a certain way, correct?

9 MR. O'CONNOR: Objection. That calls for

04:57 10 a legal conclusion. Objection. You're giving

11 a speech, but if you know, you could answer.

12 A. I mean, what the document is saying is

13 that.

14 BY MR. McGRATH:

04:58 15 Q. Okay. So -- okay.

16 And finally, I think you just testified

17 now, if I understood, that at some point before you

18 left Pristec AG, Mr. Nuerk had asked you to transfer

19 your interest in the patents to a new company, and

04:58 20 that was one of the reasons why you left. Is that

21 what you said?

22 A. No. I said two reasons.

23 Q. Two reasons.

24 A. One reason is because of the meeting, and

04:58 25 I knew during the meeting they're not transparent

04:58 1 and honest. It was --

2 MR. O'CONNOR: They're not what?

3 THE WITNESS: Transparent and honest.

4 MR. O'CONNOR: Transparent and honest.

04:58 5 A. To me, it was the worst meeting in my life
6 since I left Cuba. It was very bad feeling.

7 The second reason is because, I mean, it's
8 my point of view, I think Rudi and TJ wanted to
9 destroy the company, wanted to steal the technology,
04:59 10 wanted to do everything against the Pristec
11 shareholder and American shareholder. This is my
12 point of view.

13 BY MR. McGRATH:

14 Q. I'm sorry.

04:59 15 A. And I told Rudi, I don't think it's right.
16 He told me no, no, it's right. Don't worry. It is
17 like that. We don't, blah, blah, blah. And then I
18 said -- I not agree with that. I will not sign any
19 document with TJ Earle because he will destroy
04:59 20 Pristec AG.

21 BY MR. McGRATH:

22 Q. I just want to understand, what was the
23 document that Mr. Nuerk was asking you to sign?

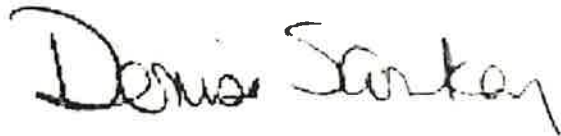
24 A. Any document -- more than one document.
04:59 25 They show me different contracts, one which is

CERTIFICATE OF OATH

STATE OF FLORIDA

I, the undersigned authority, certify
that JOSE MIGUEL DELGADO CASTILLO appeared
remotely before me and was duly sworn on the 29th
day of November, 2021.

Signed this 2nd day of December, 2021.



DENISE SANKARY, RPR, RMR, CRR
Notary Public, State of Florida
My Commission No. GG 944837
Expires: 1/27/24

CERTIFICATE OF REPORTER**STATE OF FLORIDA**

I, *DENISE SANKARY*, Registered Merit Reporter, do hereby certify that I was authorized to and did stenographically report the foregoing remote videotaped deposition of JOSE MIGUEL DELGADO CASTILLO; pages 1 through 232; that a review of the transcript was not requested; and that the transcript is a true record of my stenographic notes.

I FURTHER CERTIFY that I am not a relative, employee, attorney, or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

Dated this 2nd day of December, 2021.



DENISE SANKARY, RPR, RMR, CRR